

April 11<sup>th</sup>, 2023

Hon. Evan Glass  
President, Montgomery County Council  
100 Maryland Avenue, 6<sup>th</sup> Floor  
Rockville, MD 20850

**Re: Testimony in Opposition - Bill 17-23, Recordation Tax Rate**

Dear President Glass and Councilmembers

The Maryland Building Industry Association (“MBIA”) is submitting testimony in strong opposition Bill 17-23, which would increase the rate of the recordation tax levied under state law for certain transactions involving the transfer of property and allocate the revenue received from the recordation tax to certain county initiatives. The “recordation tax premium” applies to properties or refinancing that are over half a million dollars. The sponsor’s bill proposes increasing that from \$2.30 to \$3.45 for each \$500, effective July 1. Funds from that premium are split between county government capital projects and the county’s Housing Initiative Fund, which is used for affordable housing.

The cost of housing is skyrocketing and the inventory to level out prices is not, this bill will make that problem worse. While we are supportive of increasing funds for HIF and capital projects, we are talking at a minimum 50 percent increases on the purchase price of a home.

Raising recordation taxes will heavily impact affordability in an already constrained market. These costs are not included in a mortgage – they are due at closing. While buyers are struggling to afford down payments, adding to their closing costs will push young families and others looking to put down roots here into neighboring jurisdictions.

These two proposals – the FY24 Operating Budget and Bill 17-23 – will likely serve as bellwethers for the direction this Council wants to take the county in the coming years. We urge you to choose fiscal responsibility and the long term financial health of our county in your deliberations. We know the budget process is difficult, and appreciate the work you and your staffs put in over these many weeks.

MBIA understands the importance of increased funds to the capital budget and the housing initiative fund but these are not the solutions to addressing those needs. We ask for an unfavorable report on Bill 17-23.